December 30, 1998

Mr. John G. Phin
President and Chief Executive Officer
TriCity Behavioral Services, Inc.
7816 N. 19th Ave., Suite 100
Phoenix, Arizona 85021

Dear Mr. Phin:

This letter is in response to you December 8th letter in which you made several inquires regarding Medicare cost sharing. The answers below should provide you with useful information that will assist in your past and future efforts to establish cost sharing policies and collect Medicare cost sharing money you may be entitled to.

Q1. What is the current position of AHCCCS on this matter? Does AHCCCS assert a RBHA responsibility to cover the costs of eligble beneficiaries enrolled in Medicare programs?

A1. The AHCCCS contracts with our acute health plans, ALTCS program contractors, and ADHS clearly state the responsibility to pay Medicare cost sharing under certain conditions. The AHCCCS contract with ADHS states in part:

> "For all dual eligible persons, ADHS or its subcontractors shall be responsible for providing all AHCCCS covered services and pay all Medicare coinsurance and deductibles for Medicare services which are covered by AHCCCS and provided on a fee-for-service basis within the ADHS network".... "For

QMB eligible persons, ADHS shall be responsible for paying the Medicare coinsurance and deductibles for Medicare services not covered by AHCCCS."

However, cost sharing responsibilities are limited by various factors such as:

1. Medicaid cost sharing responsibility for Medicare services not covered by AHCCCS, such as partial hospitalization, is limited to QMB dual eligible members.

2. The amount of cost sharing may be limited by a contractor's contracted rate for the servce, less Medicare paid amount, so the total provider reimbursement (Medicare plus Medicaid) does not exceed the Medicaid contracted amount.

3. If the contracted rate between the RBHA and the provider includes the Medicare deductible and coinsurance (must be specified in contract), no further cost sharing obligation exists.

4. Services are subject to review for medical necessity

5. Arizona Administrative Code R9-22-705, A states in part:

   "A contractor is not required to pay a claim for covered services that is submitted more than 6 months after the date of service. . . or that is submitted as a

clean claim more than 12 months after the date of service..."

Most of these issues are more fully explained in the AHCCCS Medicare Cost sharing policy which has been reviewed by and approved by HCFA. A draft of this policy is attached for your information. We expect to be able to finalize the policy by February of 1999.

Q2. Has AHCCCS finally formulated a policy on reimbursement of bad debt? Has AHCCCS written a policy that is available to providers?

A2. The reimbursement of "bad debts" is a Medicare issue, not a Medicaid issue. Therefore, AHCCCS does not have a policy related to the reimbursement of bad debts. However, AHCCCS is in the process of finalizing our policy on Medicare Cost Sharing as mentioned in Answer #1 above. A draft copy is attached for your review.

Q3. Has AHCCCS reviewed and approved the ValueOptions contract? How does AHCCCS interpret Section 8.10?

A3. AHCCCS has reviewed and approved the ADHS contract with ValueOptions, but has <u>not</u> reviewed ValueOptions' subcontracts. Without reviewing the contract we are unable to "interpret" Section 8.10. ADHS is aware of its cost sharing responsibilities and has prior approval authority over RBHA subcontracts. If you have a question regarding such a contract

please address your questions to ADHS for clarification.

Q4. Will AHCCCS provide the name of a person and an address so that we can have our claims processed properly?

A4. The appropriate person to contact during the ComCare/ValueOptions transition is Randy Warren, CFO. His address is 4001 N. 3rd St., Phoenix, Arizona 85012 and his phone number is (602) 640-1111. If you are unable to obtain satisfactory answers or payments through ComCare/ValueOptions. TriCity should utilize the grievance and appeals process available to providers, staring at the RBHA level. A grievance decision by the RBHA can be appealed to ADHS and then to AHCCCS.

I hope this information is helpful and if you have other questions I can be reached at (602) 417-4458

Sincerely,

s/Branch McNeal
Assistant Director
Office of Managed Care

c: Ron Smith, ADHS
Bonnie Marsh, AHCCCS/OMC
Randy Warren, ComCare/ValueOptions